

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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IN THE MATTER OF THE APPLICATION OF CLARK RURAL
ELECTRIC COOPERATIVE CORPORATION FOR AUTHORITY
TO EXECUTE ITS NOTE TO THE UNITED STATES OF
AMERICA IN THE AMOUNT OF \$2,004,000.00 AND FOR
AUTHORITY TO EXECUTE AN AMENDMENT DATED AS OF
JULY 2, 1979 TO AMENDING LOAN CONTRACT DATED AS
OF OCTOBER 28, 1954 BETWEEN CLARK RURAL ELECTRIC
COOPERATIVE CORPORATION AND UNITED STATES OF
AMERICA AND FOR AUTHORITY TO EXECUTE ITS NOTE TO
THE NATIONAL RURAL UTILITIES COOPERATIVE FINANCE
CORPORATION IN THE AMOUNT OF \$904,000.00 AND FOR
AUTHORITY TO EXECUTE A LOAN AGREEMENT DATED AS
OF JULY 2, 1979 BETWEEN CLARK RURAL ELECTRIC
COOPERATIVE CORPORATION AND NATIONAL RURAL
UTILITIES COOPERATIVE FINANCE CORPORATION AND
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY.

CASE NO. 7681

O R D E R

On December 12, 1979, Clark Rural Electric Cooperative Corporation filed with the Commission its Application for a Certificate of Convenience and Necessity and for authorization to borrow a sum in the principal amount of \$2,004,000.00 from the United States of America (REA) and an additional sum in the principal amount of \$904,000.00 from the National Rural Utilities Cooperative Finance Corporation (CFC), and for authorization to execute a 35 year note to the United States of America in the amount of \$2,004,000.00, for authorization to execute a 35 year note to the National Rural Utilities Cooperative Finance Corporation in the amount of \$904,000.00, for authorization to execute an Amendment dated as of July 2, 1979 to Amending Loan Contract dated as of October 28, 1954 between Clark Rural Electric Cooperative Corporation and United States of America, for authorization to execute a Loan Agreement dated as of July 2, 1979 between Clark Rural Electric Cooperative Corporation and National Rural Utilities Cooperative Finance Corporation. The funds acquired thereby are to be used for the implementation of a two (2) year plan which is designed to make improvements

to the existing system and to extend service to new customers.

The matter was set for a hearing at the Commission's offices in Frankfort, Kentucky, on January 3, 1980 at 11:00 a.m. prevailing time. The hearing was held as scheduled and all parties of interest were given the opportunity to be heard and no protests were entered.

The Commission, after consideration of the Application, all evidence of record and being advised, is of the opinion and finds:

1. That public convenience and necessity require that such construction of additions and improvements as is proposed in the Application be performed, and that a Certificate of Convenience and Necessity should be granted.

2. The Commission further finds that the proposed borrowing is for a lawful object within the corporate purposes of the utility, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, and will not impair its ability to perform that service and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Clark Rural Electric Cooperative Corporation be and it hereby is granted a Certificate of Convenience and Necessity to proceed with the construction as set forth in the Application and record.

IT IS FURTHER ORDERED that Clark Rural Electric Cooperative Corporation be and it hereby is authorized to borrow a sum in the principal amount of \$2,004,000.00 at an interest rate of five percent (5%) per annum from the United States of America (REA).

IT IS FURTHER ORDERED that Clark Rural Electric Cooperative Corporation be and it hereby is authorized to borrow an additional sum from National Rural Utilities Cooperative Finance Corporation (NFC) in the principal amount of \$904,000.00 at an initial interest rate of nine and one-fourth percent ($9\frac{1}{4}\%$) per annum until the year 1986. Subsequently the interest rate and its period of application may be modified by National

Rural Utilities Cooperative Corporation based upon its prevailing cost of funds.

IT IS FURTHER ORDERED that Clark Rural Electric Cooperative Corporation be and it hereby is authorized to execute its note to the United States of America in the amount of \$2,004,000.00 and to execute an Amendment dated as of July 2, 1979 to Amending Loan Contract dated as of October 28, 1954 between Clark Rural Electric Cooperative Corporation and the United States of America as security for the above mentioned loan.

IT IS FURTHER ORDERED that Clark Rural Electric Cooperative Corporation be and it hereby is authorized to execute its note to the National Rural Utilities Cooperative Finance Corporation in the amount of \$904,000.00 and to execute a Loan Agreement dated as of July 2, 1979 between Clark Rural Electric Cooperative Corporation and National Rural Utilities Cooperative Finance Corporation as security for the above mentioned loan.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowing shall be used only for the lawful objects as set out in the Application and record.

IT IS FURTHER ORDERED that Clark Rural Electric Cooperative Corporation shall submit semi-annual reports to the Commission setting forth in detail the status of the construction authorized herein as well as the status of the funds authorized for said construction.

Nothing contained herein shall be deemed a warranty or finding of value of any securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 14th day of January, 1980.

ENERGY REGULATORY COMMISSION

CHAIRMAN

VICE CHAIRMAN

COMMISSIONER

ATTEST:

SECRETARY

